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IN THE

Supreme Court of the United States

OCTOBER TERM, 1964

No. 355

[illegible] MILLS, INC., *Petitioner*,

v.

GENERAL FOODS CORPORATION, *Respondent*.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

BRIEF FOR RESPONDENT IN OPPOSITION

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INDEX

	Page
Opinions Below	2
Jurisdiction	2
Questions Presented	2
Statement	3
Argument	5
(1) The Supreme Court Deals Only With Concrete and Specific Issues Raised By Actual Cases. The Decisions Below Do Not Raise Any Question of Constitutionality	5
(2) The Constitutional Questions Raised By Petitioner Need Not Be Decided at This Time Because the Present Issue Can Be Decided on Other Grounds	6
(3) Interlocutory Rulings Such As That in the Present Case Should Not Be Reviewed on Certiorari, in the Absence of Any Clear Cut Issue of Law That Is Fundamental to the Further Conduct of the Case	8
(4) The Ruling of the Court of Appeals Does Not Fall in Any of the Several Categories of Alleged Conflict Set Forth in Petitioner's Reasons for Granting the Writ Nos. 1, 3, 4 and 5	9
(5) Reply to Petitioner's Reason No. 6 for Granting the Writ	11
(6) Reply to Petitioner's Reason No. 7 for Granting the Writ	12
Conclusion	13

TABLE OF CASES

Allen-Bradley Local v. Board, 315 U.S. 740 ..... 5, 11
Alma Motor Company v. Timken Detroit Axle Company, 329 U.S. 129 7
American Construction Co. v. Jacksonville, 148 U.S. 372 8

Page

Busby v. Electric Utilities Union, 323 U.S. 72 10
Fourco Glass Co. v. Transmirra Products Corp., 353 U.S. 222 11
Fowler v. Louisville and N. R. Company, 213 U.S. 175 7
Hurn v. Oursler, 289 U.S. 238 .....6, 10, 11
Land v. Dollar, 330 U.S. 731 .....8, 9, 11
U. S. v. General Motors, 323 U.S. 373 9

IN THE

Supreme Court of the United States

OCTOBER TERM, 1964

No. 555

RIVER BRAND RICE MILLS, INC., *Petitioner,*

v.

GENERAL FOODS CORPORATION, *Respondent.*

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

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BRIEF FOR RESPONDENT IN OPPOSITION

Respondent respectfully prays that a Writ of Certiorari to review the judgment in the above-entitled action of the United States Court of Appeals for the Fifth Circuit be denied.

OPINIONS BELOW

The opinion of the Court of Appeals is reported at 334 F. 2nd 770 and is printed in Appendix B of the Petition at page 22a. The District Court did not hand down an opinion or making findings of fact or conclusions of law, but some of its oral remarks in denying Petitioner's motion to dismiss are printed in Appendix B of the Petition at page 20a, and its Order denying the motion appears at page 21a.

Respondent respectfully calls the attention of the Court to a further oral remark of the District Court (R. 43) which preceded its remarks quoted in the Petition. Recognizing that there was *no evidence* of record, the Court said:

> "I can look at the pleadings and tell what kind of case it is."

JURISDICTION

The judgment of the Court of Appeals was entered on July 10, 1964. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

QUESTIONS PRESENTED

Respondent is dissatisfied with Petitioner's presentation of questions. Actually the primary question before this Court for review, stated concisely, is—

> Can it be said as a *matter of law,* on motion to dismiss *prior to any evidence,* that Respondent's claim for infringement of patents and its claim for unfair competition arising out of misappropriation of trade secrets (in the nature of unpatented improvements on the patented process) are not "related" within the meaning of 28 U.S.C. 1338b?

At the present interlocutory stage of the case, both the District Court and the Court of Appeals correctly answered this question in the negative; these interlocutory decisions would be brought here for review if the Writ were to be granted.

Petitioner's second question is predicated on its erroneous *assumption* that the subject matter supporting the unfair competition claim and the subject matter supporting the patent infringement claim "are necessarily different". This is a *disputed factual issue.*

Petitioner has phrased its questions much more broadly than warranted by the simple primary issue set forth above, basing them on differences in the expressed views of various lower Courts toward interpretation of 28 U.S.C. 1338(b), and raising issues of constitutionality. But if the Writ were granted, affirmance of the lower Courts on this primary issue would mean that these broader questions *would not be reached* by this Court, and accordingly Respondent submits that they are not sufficient reasons for granting review.

STATEMENT

Respondent agrees with Petitioner's statement of the case, with the following exceptions:

Page 5 of the Statement in the Petition asserts, as if it were established fact, that Respondent's claim for unfair competition is *necessarily* based on different facts from its claim for patent infringement. So Petitioner *contends,* but Respondent *emphatically disagrees.* This dispute of facts between the parties can only be answered by proof. Respondent believes that its proof will show that its former employee, Lawrence

Lynn, misappropriated confidential information that was not publicly disclosed in the patents in suit or otherwise, and that Petitioner's use of such information enabled it to commence manufacture of quick-cooking rice, thereby infringing the patents in suit.

Petitioner's statement does not point out clearly the present interlocutory posture of the case. There has not yet been any opportunity for proof of the allegations of the complaint, but they stand admitted for purposes of Petitioner's motion. Therefore, the motion must be denied unless it can be said that it is impossible for Respondent to prove facts within these allegations that would satisfy the requirements of 28 U.S.C. 1338(b). The Court of Appeals correctly *ruled* (Pet., page 27a) that:

> "At this stage of the case it *cannot be said as a matter of law* that the claim for patent infringement and that for unfair competition are not related. We do not know and *will not anticipate* what the evidence will be on the trial or *to what extent, if any, it may show the claims are related* (authorities). . . . Such determination is *for the court below.*" (Emphasis supplied)

While the District Court did include in its Order, at Petitioner's request (R. 50), a statement that there was a controlling question of law upon which there is a substantial ground for difference of opinion, the Court of Appeals rejected the thought that this question could be decided on interlocutory appeal from the dismissal order. The Court of Appeals recognized that the issue before it involved construction of 28 U.S.C. 1338(b), and discussed (in the abstract) the meaning of the word "related", but wisely elected to

dismiss the interlocutory appeal because the Court did not know and *could not anticipate* the evidence.

Petitioner's analyses of the "broad" and the "narrow" or "strict" views of the Circuits are moot at this point, for the allegations of the amended complaint will support a "related" claim under either a strict or a liberal view of the term. The unfair competition claim for use of Respondent's trade secrets could arise out of substantially the same facts that give rise to the claims for patent infringement.

ARGUMENT

(1) The Supreme Court Deals Only With Concrete and Specific Issues Raised by Actual Cases. The Decisions Below Do Not Raise Any Question of Constitutionality

The concurring decisions below are concisely stated in the above quotation from the opinion of the Court of Appeals. Whatever may be the proper construction of the word "related" in § 1338(b), obviously in the absence of any factual record, the lower Courts could not rule that the claim for unfair competition either was, or was not, related to the claim for patent infringement in the sense in which the term "related" is used in § 1338(b).

The Petition studiously ignores the actual posture of this case at its present stage. In this posture of the case the questions of constitutionality presented in the third Question on page 3 of the Petition, and discussed under Reasons 2 and 3 at pages 14 and 15 respectively, are not in point. The controlling considerations were summarized in the opinion of this Court in *Allen-Bradley Local* v. *Board*, 315 U.S. 740 at p. 746:

> "We deal, however, not with the theoretical disputes but with concrete and specific issues

raised by actual cases. *Associated Press* v. *Labor Board,* 301 U.S. 103, 132; *United States* v. *Appalachian Power Co.,* 311 U.S. 377, 423, and cases cited. 'Constitutional questions are not to be dealt with abstractly.' *Bandini Petroleum Co.* v. *Superior Court,* 284 U.S. 8, 22; *Arizona* v. *California,* 283 U.S. 423, 464. They will not be anticipated but will be dealt with *only* as they are *appropriately raised upon a record* before us. *Tennessee Publishing Co.* v. *American National Bank,* 299 U.S. 18, 22." (Emphasis added)

(2) The Constitutional Questions Raised by Petitioner Need Not be Decided at This Time Because the Present Issue Can be Decided on Other Grounds

While Petitioner questions the constitutionality of joining a non-federal "related" claim for unfair competition with a federal claim for patent infringement, under a broad construction of § 1338(b), it does not challenge the constitutionality of the narrow test for joinder under § 1338(b). Therefore, if the unfair competition claim and the patent infringement claims "so precisely rest upon identical facts" as to "characterize the same group of circumstances" (*Hurn* v. *Oursler,* 289 U.S. 238, 246), no constitutional question is raised either under *Hurn* or under § 1338(b).

Respondent submits that the acts alleged in support of the non-federal claim could also establish the patent infringement claim. Lawrence Lynn is alleged to have been privy to plaintiff's secret information developed in the course of years of pioneering in the field of manufacturing quick-cooking rice. Lynn is also alleged to have divulged such information to Petitioner, and Petitioner is alleged to have used such information in determining its mode of practicing its process of manufacturing quick-cooking rice. This same

process is alleged to infringe Respondent's patents in suit. Thus it is Respondent's position that proof of a single wrong by Petitioner in violation of Respondent's property rights will establish both the patent infringement claim and the unfair competition claim. Obviously, once the narrow test is satisfied, there will be no occasion for this Court to consider the constitutionality of the broad test.

Under such circumstances, Respondent submits that this Court need not and should not consider any constitutional issue, at least not until it has been held that the narrow test for joinder under § 1338(b) does *not* apply. As stated by this Court in *Fowler* v. *Louisville and N. R. Company,* 213 U.S. 175, 193:

> "Where a case in this Court can be decided without reference to questions arising under the Federal Constitution, that course is usually pursued and is not departed from without important reasons."

And as stated by this Court in *Alma Motor Company* v. *Timken Detroit Axle Company,* 329 U.S. 129, 136:

> "This Court has said repeatedly that it ought not pass on the constitutionality of an act of Congress unless such adjudication is unavoidable. This is true even though the question is properly presented by the record. If two questions are raised, one of non-constitutional and the other of constitutional nature, and a decision of the non-constitutional question would make unnecessary a decision of the constitutional question, the former will be decided."

Accordingly, it is unnecessary for the Court, at this interlocutory stage, to reach the constitutional questions raised by Petitioner.

(3) Interlocutory Rulings Such as That in the Present Case Should Not Be Reviewed on Certiorari, in the Absence of Any Clear Cut Issue of Law That Is Fundamental to the Further Conduct of the Case

For many years this Court has consistently followed the guiding principles stated by Mr. Justice Gray in *American Construction Co.* v. *Jacksonville,* 148 U.S. 372, 384:

> "Whether an interlocutory order may be separately reviewed by the appellate court in the progress of the suit, or only after and together with the final decree, is matter of procedure rather than of substantial right; and many orders made in the progress of a suit become quite unimportant by reason of the final result, or of intervening matters. Clearly, therefore, this court should not issue a writ of *certiorari* to review a decree of the Circuit Court of Appeals on appeal from an interlocutory order, unless it is necessary to prevent extraordinary inconvenience and embarrassment in the conduct of the cause."

In *Land* v. *Dollar,* 330 U.S. 731, 734, n.2, the Court found such an exceptional issue. There the question was whether a suit, brought against the head of an important governmental agency, was actually an attempt to sue the U.S. Government itself, and the decision of this jurisdictional question by the District Court had resulted in dismissal of the entire case. This Court reviewed the case and held that *depending on the facts* (not yet in evidence), the case against the agency might or might not be maintainable. The case illustrates the wisdom of the principles stated in *American Construction* v. *Jacksonville,* for in the end this Court found in *Land* that it could not decide the juris-

dictional question because it did not have enough facts, saying at page 739:

> "We intimate no opinion on the merits of controversy. We only hold that the District Court has jurisdiction to determine its jurisdiction by proceeding to a decision on the merits."

Respondent submits that the result of granting the Writ in the present case could only be that reached in *Land* v. *Dollar, a result which the decision of the Court of Appeals has already effected.*

In the absence of knowledge of the facts, any consideration of the case by this Court would necessarily be in the abstract and speculative. Moreover, this Court's opinion as to the meaning of "related" would not be "fundamental to the further conduct of the case" (*U.S.* v. *General Motors,* 323 U.S. 373, 377), because whatever this Court's interpretation of § 1338 (b), the case would go back to the District Court to determine the facts. And whether the case were tried on the basis of a broad interpretation or a narrow interpretation of "related", *the facts to be proved* would be the same and no "extraordinary inconvenience and embarrassment" would result in either case.

(4) The Ruling of the Court of Appeals Does Not Fall in Any of the Several Categories of Alleged Conflict Set Forth in Petitioner's Reasons for Granting the Writ Nos. 1, 3, 4, and 5

The Petition discusses alleged "conflicts" as if the Court of Appeals had decided this case on its merits and as if the Court of Appeals' decision fell into Petitioner's categories of conflict. As Respondent has already pointed out, this is not the fact. The Court of Appeals has decided *only* that the District Court

should *hear the facts* in order to determine the issue of whether Respondent's claims are in fact "related" or not.

This interlocutory ruling does not fall into any of Petitioner's categories.

As to Petitioner's Reason No. 1 (Pet., p. 6), it is true that various Courts of Appeals, in various cases, have used seemingly inconsistent expressions such as "substantially identical" facts, "closely related" facts, "considerable overlap" in factual basis, and the like, but it is premature to speculate at this stage on what the ultimate holding of the Court of Appeals on the merits of this case will be, merely in order to postulate a "conflict" for this Court to resolve. Respondent believes that the principles of *Busby* v. *Electric Utilities Union,* 323 U.S. 72, are controlling in this respect (p. 75):

> "It is not the function of the certificate authorized by 28 U.S.C. § 346 to require this Court to answer questions not shown to be necessary to the decision of the case. A question will not be answered if it is hypothetical, (authorities). . . . or if it is dependent upon other questions which may not appropriately be answered. (authorities) . . . . This Court will not answer a question which will not arise in the pending controversy unless another issue, not yet resolved by the certifying court, is decided in a particular way. (authorities). . . ."

As to Petitioner's Reason No. 3 (Pet., p. 15), of course the Court of Appeals did not "ignore" the *Hurn* case. On the contrary it expressly said that in its opinion, its announced view of § 1338(b) did not run counter to the rule in *Hurn* (Pet., App. p. 26(a)).

It is Petitioner, not the Court of Appeals, that gives "lip service" to the *Hurn* case (cf. Pet., p. 15). The fact is that in *Hurn,* the District Court had refused to admit any evidence as to unfair competition on the ground that it had no jurisdiction, and this Court *reversed.* However, this Court found in the findings of the District Court re copyright infringement a sufficient basis for denial of the claim of unfair competition on its merits; otherwise the reversal on the jurisdictional question would have sent the case back to the District Court for additional proof, as in *Land* v. *Dollar.*

With further regard to Petitioner's Reason No. 4 (Pet., p. 17), Respondent submits again that there is no need for this Court to "deal . . . with theoretical disputes" (*Allen-Bradley Local* v. *Board,* 315 U.S. 740, 746) and that it should not construe § 1338(b) until a "concrete and specific" issue in this regard is raised by an actual case. The only such concrete and specific issue before the Court in this case is whether Respondent is to be given an opportunity to prove its case.

With further regard to Petitioner's Reason No. 5 (Pet., p. 18), the statement quoted by Petitioner from *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222, 227, had to do with "changes of language in the revision." Section 1338(b) is a completely new section, and there is no preceding language with which it can be compared.

(5) Reply to Petitioner's Reason No. 6 for Granting the Writ

At page 19 of the Petition, Petitioner indicates that the cost of defending this case is "intolerable" because it must defend against the *combined* patent and unfair

competition claims. The suggestion appears to be that this Court should come to Petitioner's relief by causing the two claims to be tried separately, one in the Federal Court and the other in the State Court.

Evidently Petitioner would prefer the "piecemeal" litigation that Congress sought to avoid as stated by the Reviser in his Note to § 1338(b), but for obvious reasons it will not decrease Petitioner's "intolerable" burden of defending, or Respondent's burden of prosecuting, if the subject matter alleged in the amended complaint is divided into two cases in different Courts instead of one case in one Court.

The charge that in such cases as this, the Federal Courts do not judge patents "on the basis of their individual merit" is totally unwarranted.

(6) Reply to Petitioner's Reason No. 7 for Granting the Writ

At the end of the Petition (page 20), Petitioner once more *asserts as a fact* its often-repeated *argument* that Respondent's claims for trade secret misappropriation and patent infringement "did not arise out of substantially the same facts".

This assertion is the keystone of Petitioner's whole position. But it is completely *unsubstantiated by the record*, and it is *disputed* by Respondent.

The question of whether the views of the Court of Appeals were correct in favoring a liberal interpretation of § 1338(b) is *not* the question before this Court. The issue to be decided is whether the Court of Appeals was right in deciding that the question of jurisdiction *could not be determined without evidence of the facts.*

Respondent submits this decision was clearly correct.

CONCLUSION

The lower Courts were right in holding Respondent entitled to prove its case, and the Petition should be denied.

Respectfully ubmitted,

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